

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986



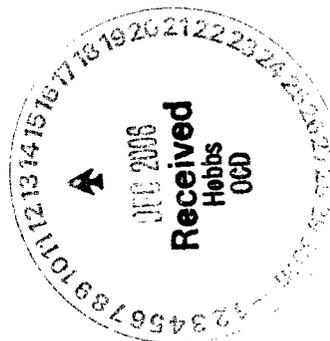
105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S.P. YATES
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FRANK YATES, JR.
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JOHN A. YATES, JR.
SENIOR VICE PRESIDENT

December 8, 2006

Ms. Pat Caperton
NMOCD District I
1625 N. French Drive
Hobbs, NM 88240

RE: Gill BGJ State 1 30-025-37103
29—T9S—R35E Unit Letter L
Lea County, New Mexico



Dear Pat,

Yates Petroleum Corporation would like to submit for your consideration the enclosed spill summary and work plan for the above captioned well. Please find enclosed the Initial Report C141 and a spill diagram as well. Yates requests a quick response to the proposed work plan so that the plan can be initiated as soon as possible.

Thank you for your attention to this work plan and should you have any questions, please don't hesitate to contact me.

Respectfully,

Sherry Bonham
Environmental Regulatory Agent
Yates Petroleum Corporation

enclosures

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-141
Revised October 10, 2003

Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

Name of Company YATES PETROLEUM CORPORATION	OGRID Number 25575	Contact SHERRY BONHAM
Address 105 S 4 TH STREET		Telephone No. 505.748.1471
Facility Name GILL BGJ STATE 1	API Number 30-025-37103	Facility Type TANK BATTERY

Surface Owner FEE	Mineral Owner FEE	Lease No.
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LOCATION OF RELEASE

Unit Letter L	Section 29	Township 9S	Range 35E	Feet from the 1650	North/South Line SOUTH	Feet from the 550	East/West Line WEST	County LEA
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Latitude 33.50238 Longitude 103.38888

NATURE OF RELEASE

Type of Release CRUDE OIL AND PRODUCED WATER	Volume of Release 380 B/O AND 50 B/PW	Volume Recovered 300 B/O AND 40 B/PW
Source of Release TANKS	Date and Hour of Occurrence 11/30/06 7:00 AM	Date and Hour of Discovery 11/30/06 7:00 AM
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? PAT CAPERTON-NMOCD DISTRICT 1-VIA VOICE MAIL AND E-MAIL	
By Whom? SHERRY BONHAM	Date and Hour 11/30/06 10:12 AM VOICE MAIL AND 2:27 PM E-MAIL	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse. N/A	

If a Watercourse was Impacted, Describe Fully.*
N/A

Describe Cause of Problem and Remedial Action Taken.*
VESSEL WATER DUMP FAILURE. REPAIRED

Describe Area Affected and Cleanup Action Taken.*
APPROXIMATE 105' x 165' PASTURE AREA WAS MISTED WITH OIL. MICRO-BLAZE APPLIED TO AFFECTED AREA.
APPROXIMATE 40' x 80' WITHIN BERMED AREA IMPACTED. AFFECTED MATERIALS EXCAVATED AND DISPOSED AT NMOCD APPROVED DISPOSAL FACILITY.
APPROXIMATE 20' x 80' AREA BETWEEN BERMED AREA AND SOUTH FENCE IMPACTED. AFFECTED MATERIALS SCRAPED AND DISPOSED AT NMOCD APPROVED DISPOSAL FACILITY.
DEPTH TO GROUND WATER: >100'; WELLHEAD PROTECTION AREA: NO; DISTANCE TO SURFACE WATER: >1000'. SITE RANKING: 0.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature: <i>Sherry Bonham</i>	OIL CONSERVATION DIVISION	
Printed Name: Sherry Bonham	Approved by District Supervisor: <i>Chris Williams</i>	
Title: Environmental Regulatory Agent	Approval Date: <i>12/15/06</i>	Expiration Date:
E-mail Address: sherryb@ypcnm.com	Conditions of Approval: <i>Submit Worksheet to Chris Williams along w/ test</i> Attached <input type="checkbox"/>	
Date: December 8, 2006	Phone: 505.748.1471	

* Attach Additional Sheets If Necessary

incident - n PAC063484915 data.
application - pPAC0634850008
R P# 1147

Spill Summary and Work Plan

Incident Date: November 30, 2006

Location: Gill BGJ State 1
API 30-025-37103
Unit L Section 29 T9S R35E
Lea County, New Mexico

The well is located approximately 17.5 miles northwest of Tatum, NM as depicted on the attached Milnesand SW; NM USGS Quadrangle Map.

Watercourses in the area are dry except for infrequent flows in response to major precipitation events. The area, snowy, cloudy, and windy at the time of the spill, consists of soil that is loamy. The bermed area and pad consists of hard packed caliche. Groundwater in the area is estimated to be at a depth of greater than one hundred feet according to the Chevron/Texaco Lea County Depth to Groundwater Trend Map.

The ranking for this site is zero (0) based on the following:

Depth to ground water	> 100'
Wellhead Protection Area	> 1000'
Distance to surface water body	> 1000'

For sites with a Total Ranking Score of 0, the Recommended Remedial Action Levels are:

Benzene	10
BTEX	50
TPH	5000

Incident Description:

The area is the site of a tank battery. The vessel dump valve failed resulting in tanks overflowing. The area was very windy at the time of spill which also resulted in an overspray of the oil into the pasture. Attached is a drawing depicting the areas affected by the spill.

Action Taken:

Immediately upon discovery, the source of the release was eliminated by shutting the valves on the water/oil tanks and the water/oil lines. A vacuum truck was called to remove fluids. Approximately forty barrels of produced water and three

hundred barrels of crude oil were recovered. The water dump valve was repaired.

Work Plan:

The visual contaminants within the bermed area (Area A) and the area directly south of the bermed area and north of the fence (Area B) were excavated and removed to an approved NMOCD commercial disposal site. Yates proposes to apply a layer of clean soil, ph appropriate fertilizer mixture, and water to the Area B and till into the soil to stimulate microbial action.

The pasture area (Area C) was fenced off and immediately treated by applying a solution of Micro-Blaze®. Yates proposes to treat the fenced area in-situ for a period of six months. During this period, as needed, Yates will apply fertilizer and water. Yates will also monitor the pasture area by periodically obtaining samples and use field analytical data to determine progress of remediation.

At the conclusion of the six month period, soil samples will be obtained and sent to a third party laboratory to be analyzed for TPH and BTEX. Chloride analysis will be provided for reference. A 48 hour advance notice will be given OCD to allow opportunity to witness the sample collection. If concentrations exceed Recommended Remedial Action Levels (RRALs), further delineation and evaluation will be required. If, however, concentrations are within the RRALs, the excavated area will be backfilled with clean, like material and Yates Petroleum Corporation will request closure approval from OCD per section IX of the Guidelines.

Thank you for your consideration to this work plan. And should you have questions or need additional information, please contact me at 505-748-4162 or sherryb@ypcnm.com.

Respectfully,

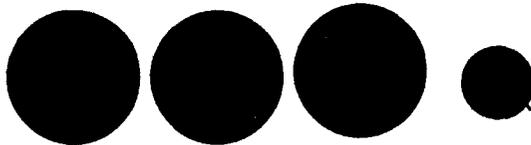


Sherry Bonham
Environmental Regulatory Agent



Elect
Box

Area A
Approx. 40' X 80'



Area B
Approx. 20' X 80'

Area C
Approx 105' X 165'

Horizontal
Separator



FENCE

FENCED-IN
AREA



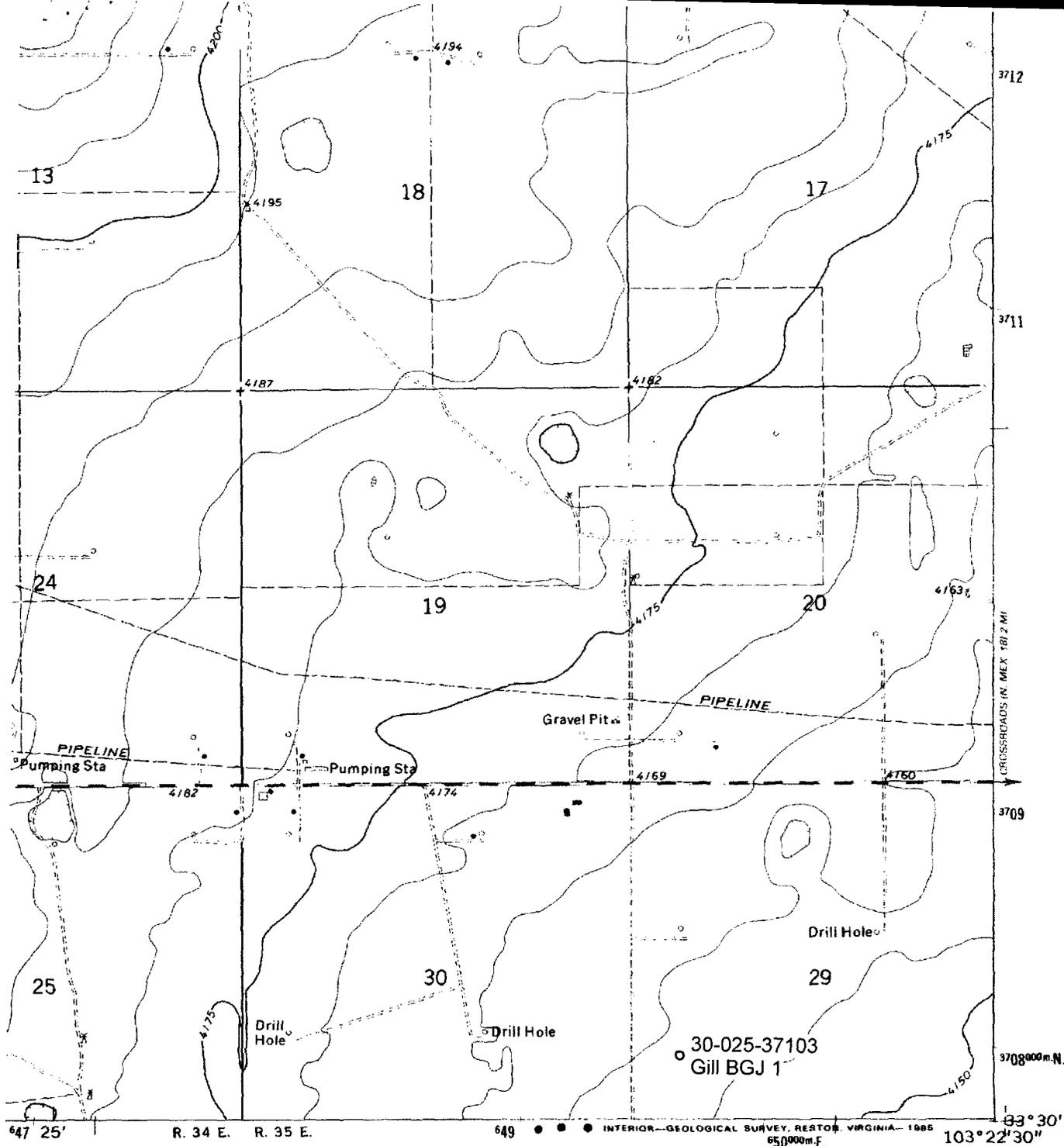
Gill BGJ State 1

Sec. 29 T9S R25E

Lea County, NM

Spill Site Diagram
Release Date: November 30, 2006

(Not to Scale)



ROAD CLASSIFICATION

- | | |
|------------------------------------|--|
| Primary highway,
hard surface | Light-duty road, hard or
improved surface |
| Secondary highway,
hard surface | Unimproved road |
| Interstate Route | U. S. Route |
| | State Route |



MILNESAND SW, N. MEX.
33103-E4-TF-024

1972
PHOTOREVISED 1984
DMA 5351 III SW-SERIES V881

'Milnesand SW; NM' Scale: 1" = 0.379Mi 610Mt 2,000Ft, 1 Mi = 2.640" , 1 cm = 240Mt

(RANGER LAKE)
5350 IV NE